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*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*



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December 15, 2011

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM:  Mitchell H. Katz, M.D.
Director

SUBJECT: **CENTERS FOR MEDICARE & MEDICAID INNOVATION
CHALLENGE GRANT**

The Centers for Medicare & Medicaid Innovation (CMMI) recently announced a large grant funding opportunity referred to as the Health Care Innovation Challenge ("Challenge Grant"). The purpose of this letter is to provide your Board with an update on the Department of Health Services' (DHS) plan to capitalize on this opportunity to innovate and improve our system of care.

This new initiative will invest up to \$1 billion in communities nationwide in support of health care delivery system and payment model innovations funded by public programs (i.e., Medicare, Medicaid, Children's Health Insurance Program). Awards are expected to range from \$1 million to \$30 million over three years. Letters of Intent to submit an application are due December 19, 2011; full applications are due January 27, 2012.

Applications will be judged based on their ability to be rapidly deployed within six months, demonstrate sustainable cost-savings for public payer programs, and include novel models of workforce development. Multi-stakeholder partnerships are encouraged.

DHS currently intends to serve as the lead organization on a single grant application for innovations in the delivery of ambulatory care services across Los Angeles County. For this grant, DHS will select interested external partners who are able to offer unique skillsets or services needed to implement the proposed projects. We also hope to partner with other County Departments, Mental Health and Public Health, to the extent there is overlap in the proposed innovations.

In addition to this one grant on which DHS will serve as the lead applicant, we will also offer our support to other organizations who plan to submit applications for care delivery or payment model innovations consistent with DHS' mission of providing high quality, patient-centered, cost-

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effective health care to the residents of Los Angeles County. As organizations outside DHS further develop their proposals for the Challenge Grants, we look forward to continued conversations as to how DHS may best offer support to these applications. We sincerely hope that CMMI chooses to fund a large number of projects within the County to the benefit of our patients and our broader health care delivery system.

We will keep your Board informed of major status updates related to funding awards. If you have any questions, please contact me or Christina Ghaly, M.D., Deputy Director, Strategic Planning, at 213-240-7787.

MHK:jp

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors